

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2538 - HB 2849

February 11, 2012

**SUMMARY OF BILL:** Requires a ten-year phase out of the hold harmless provision associated with the previous enrollment-based funding formula for public higher education. Moves the state to an outcomes-based funding formula.

**ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact –** The overall state appropriation for public higher education will not change. However, funding distribution will be altered. Some institutions will receive more funding under the hold harmless provision and some will receive less than they would have received under the new outcomes-based funding formula. Based on information provided by the Tennessee Higher Education Commission (THEC), at least \$3,110,200 will be distributed differently as a result of a 10-year phase out beginning in FY12-13 and continuing the next 10 subsequent fiscal years.

Assumption:

- The 10-year hold harmless phase out will begin in FY12-13.
- The state will spend the same amount of funding for higher education regardless of the end date of the hold harmless period.
- According to information provided by THEC, funding for public higher education institutions will be altered with some schools receiving less funding and some receiving more. This shift in funding will be at least \$3,110,200 beginning in FY12-13 and continuing the next 10 fiscal years.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

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